



Memo from the Board to Nebraska Real Property Appraisers

August 27, 2014

DISCLOSURE OF PERSONAL INTEREST WITH RESPECT TO PARTIES INVOLVED

By Tyler Kohtz, Director

It has come to the Nebraska Real Property Appraiser Board's ("Board") attention that the proper disclosure of personal interests with respect to parties involved in an assignment may not always be clear to Nebraska credentialed appraisers. The Board recently came across a unique situation in which an appraiser completed an appraisal for the purpose of a residential mortgage. In this situation, this appraiser was also an employee of the bank originating the loan. Is this appraiser required to disclose his or her employment by the client in an appraisal report?

To begin, Neb. Rev. Stat. § 76-2237 states, "Each credential holder shall comply with the Uniform Standards of Professional Appraisal Practice. The board shall adopt and promulgate rules and regulations which conform to the Uniform Standards of Professional Appraisal Practice." It has been established that all Nebraska credentialed appraisers shall conform to the Uniform Standards of Professional Appraisal Practice ("USPAP"). What does USPAP say about such disclosing personal interests?

When referring to current or prospective interests in the subject property or parties involved, the Ethics Rule found in the 2014-15 Edition of USPAP says, "If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification: any current or prospective interest in the subject property or parties involved" (U-8, Lines 254-256). USPAP provides a certification example in Standards Rule 2-3, which includes the language "I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved" (U-26, Lines 819-821).

Board Members

Chairman of the Board

Philip R. Barkley, North Platte
Certified Residential Appraiser
3rd District Representative
Term Expires: January 1, 2015

Vice Chairman of the Board

Thomas W. Kubert, Lincoln
Certified General Appraiser
1st District Representative
Term Expires: January 1, 2016

Board Member

Marc V. Woodle, Omaha
Certified General Appraiser
2nd District Representative
Term Expires: January 1, 2017

Board Member

Chris R. Langemeier, Schuyler
Certified General Appraiser
Licensed Real Estate Broker Rep
Term Expires: January 1, 2018

Board Member

Larry D. Saxton, Omaha
Certified General Appraiser
Financial Institutions Rep
Term Expires: January 1, 2019



Tyler N. Kohtz, Director

301 Centennial Mall South, LL
PO Box 94963
Lincoln, NE 68509-4963

Phone: 402-471-9015

Fax: 402-471-9017

Website: www.appraiser.ne.gov



Visit NRPAB on Facebook

In the above mentioned scenario, it is the Board's opinion that the appraiser performing the appraisal services should disclose his or her employment with the bank. Although the focus of this memo is placed on one scenario, the language found in USPAP concerning the proper disclosure of current or prospective interests in the subject property or parties involved is not limited to only this example. As a Nebraska credentialed appraiser, it is your responsibility to ensure that you are making proper disclosure of your interests. Please remember, it is always better to be safe than sorry. When in doubt, disclose the relationship in the appraisal report and avoid a potential USPAP violation. If you have any questions regarding this topic, please feel free to contact the Board's office at 402-471-9015, or email the Board's Compliance and Education Specialist, Anthony Dreesen, at anthony.dreesen@nebraska.gov.